

Forty years of one-party rule ended when voters elected Linda Lingle governor of Hawaii. Despite the fact that both houses of the Legislature remain under Democrats' control, putting the power and influence of the governor's office in the hands of an aggressively pro-business Republican has raised high expectations for positive changes to Hawaii's notoriously negative business environment. Emphasizing the need to stop "treating businesses as adversaries," Gov. Lingle promised a new challenge to entrenched attitudes toward tourism: "State government needs to end its decades-long, love-hate relationship with the visitor industry and embrace what is clearly the foundation of our modern economy." The governor elaborated on these views for Hawaii Hospitality in an exclusive Q&A with Executive Editor Tom Horton.

HH: During your one year in Honolulu (1975), when you were public information officer for Hawaii Teamsters and Hotel Workers, and your first years on Molokai (1976-80) when you started the Molokai Free Press, can you recall how you personally felt about the tourism industry?

Gov. Lingle: I've always felt that tourism, carried out responsibly and with sensitivity to local communities, benefits everyone by driving our economy. It also provides the foundation for other industries to flourish. Tourism allows us to showcase the natural beauty of our islands, as well as the caring and loving spirit of our people, and the rich cultures and traditions that make Hawaii so special.

HH: During your 18 years as a Maui County elected official, including eight as mayor, how did your views of tourism and its relationship to the local communities as well as the industry's working relationships with government change, if at all?

Gov. Lingle: My views haven't changed, if anything they have been reinforced. I have always believed in partnerships and during the 18 years as a Maui County official I have seen many created with excellent results. Whether it was working together on bringing the Hula Bowl to Maui, building homeless shelter, pools, or raising money for non-profits, we are all connected and have a stake in each other's success. We developed a relationship with the tourism industry as a partner. We realized that with a strong tourism base, the county would prosper, and since a large part of

Q & A

with Governor Linda Lingle



our economy was derived from the industry, we took this responsibility seriously. Tourism officials were included in most county decisions, and we treated funding for marketing programs as investments, not

expenses. The year I was elected mayor, Maui County spent \$300,000 marketing the visitor industry. By the last year of my final term, we spent \$3.3 million.

HH: You built a strong record as a pro-business mayor on Maui, where tourism is by far the dominant business. But there are always areas of disagreement between business and government.

Gov. Lingle: I can't think of a major disagreement with the industry. Perhaps it's due to the monthly meetings I had with the Visitors Bureau, Hotel Association, and Chamber of Commerce. These meetings were designed to keep everyone informed

and allowed open discussion so potential conflicts could be avoided. More importantly, they provided the chance for everyone to be on the same page in terms of goals and objectives for the industry, government and most important, our communities.

HH: Cite one or more of favorite examples of how county government worked closely with the visitor industry to achieve objectives that benefited the residents of Maui as well as the business community.

Gov. Lingle: Two come to mind immediately. The most obvious was bringing the Hula Bowl to Maui. It was first brought to my attention by the visitor industry and, believe

me, it took a little convincing before I was confident it could be done. But that goes to show you the power of a "can-do" attitude and cooperative, creative thinking. We had less than nine months to get the stadium ready for the game. Getting ready included adding 12,000 seats; accommodating additional electrical needs; redoing the locker rooms; adding infrastructure for television, radio, and print media; field and grandstand improvements; and coordinating hundreds of volunteers and their organizations. On top of all of that, we needed council approval for the funding. Through it all, no one involved ever said it couldn't be done. It was the "can do" attitude that made it happen, and the rest is history. An added benefit is that our communities now make use of the

be screwing somebody." Do you really believe that there is that kind of deep-rooted distrust and hostility in Hawaii toward business in general and specifically toward the tourism industry?

Gov. Lingle: For too long, state government felt it had to "manage" the economy, and treated business and industry, including tourism, as adversaries that needed to be "policed" or regulated. As a result, an entrenched, hostile environment toward business was created, and Hawaii earned an anti-business reputation. This sort of thinking was shortsighted, because it ignored the fact that business is

looking at other areas of the islands to develop. Examples include the Ko Olina project, Kakaako, and the entire harbor waterfront.

HH: One of the Waikiki Improvement Association's legislative priorities is a bill to authorize \$2.5 million in GO Bonds to replenish and widen Waikiki Beach, a proposal that has previously been rejected. Do you support it?

Gov. Lingle: This project is a worthy one. We have, however, limited the CIP spending for this year to keep future interest payments manageable. Hopefully, when



improved stadium year-round.

The other example is the successful Citizen's Patrol program. Car break-ins were increasing at some of our more remote beaches. Through a public-private task force set up by the county, the Citizen's Patrol was born. Using volunteers in cars supplied by car rental companies and cell phones from the phone company, the patrol would make their presence known at these sites. The reduction in thefts was dramatic and made our beaches safer for tourist and residents alike.

HH: In your inaugural address, you declared Hawaii "open for business" and said, "It's time that we recognized that profit is not a dirty word." In last year's Forbes article ridiculing Honolulu as one of the absolute worst cities in the U.S. to do business, Rep. Colleen Meyer was even more blunt, and I quote, excuse the language, "There's this mind-set that if you're making a profit, you must

an important partner in creating a better life for families. Business does this by creating jobs, buying goods and services, serving on government boards and commissions, and donating generously to local and social services, culture and arts, and sports organizations and events.

HH: Visitor industry leaders have praised Mayor Jeremy Harris and the city for investing nearly \$50 million in Waikiki improvements that has rejuvenated Waikiki and led directly to owners investing millions of dollars in major hotel renovations. Is this the kind of pro-active approach that you will pursue in support of Hawaii's No. 1 industry?

Gov. Lingle: What the City is doing with private business in Waikiki should be commended. Our own initiatives to form partnerships with the visitor industry will be initiated by DBEDT, the HTA and through my office. We will be seeking a cooperative relationship with the visitor industry that stresses collaboration and partnerships. While supporting Waikiki's continued development, we are proactively

revenues improve, we will be able to move forward on this project.

HH: After nearly 7 million people visited Hawaii in 2000, the state launched its sustainable tourism project to study the impact of continued growth and possibly answer the question of how much is too much: Eight million visitors? Nine? Ten? How much growth do you think Hawaii can sustain?

Gov. Lingle: Instead of a single number that would represent a target of constraint on the number of visitors to the state, this study will show many different region- and infrastructure-specific impacts and how different growth scenarios affect our capacity to accommodate tourism in each county of the state. The primary goal of the study is to develop information and policy tools for the state, counties and communities to address the impact of long-term tourism growth, by focusing on the capacity of state and county infrastructure elements and environmental features to handle more visitors. A computerized economic model of tourism's impact is being developed to help identify when bottlenecks or pressure points are likely to

be reached for these elements and suggest mitigating measures to the degree possible. The study will also look at: natural ecological resilience; the effect, nature and degree of various impacts; and the impact of tourism on socio-cultural factors.

A baseline report on the status of the state's infrastructure and environment has been completed and will be released soon. The preliminary results of the modeling process are expected to be ready for release and comment this summer.

HH: Rep. Robert Herkes, who has an extensive background as a hotel executive as well as several years in the Legislature, told Hawaii Hospitality, and I quote, "In Hawaii's history we have given tax breaks to our big industry employers, but not tourism because tourism has no broad-based community support." Do you agree with that?

Gov. Lingle: I think that the tragic events of Sept. 11, 2001 really opened our residents' eyes where tourism is concerned. The economic losses to our businesses and economy touched everyone, even those that didn't think they were in the tourism business. From the retail businesses, to dentists, to service station attendants, all our residents were affected. Hawaii's communities, I believe, have a little different attitude regarding tourism today. Granted they may not completely understand the nuances of all the numerous components, but they know that it impacts them when we have a decrease in visitors and visitor spending. As we move forward with our new beginning, we will work to communicate the benefits of tourism to our state.

HH: HTA has taken a terrible political beating, mainly over accountability for expenditure of funds. Although those funds come directly from the hotel room tax, and from no other source of taxpayer money, public opinion is likely to construe this as public money being used wastefully to promote the visitor industry.

What are your views on HTA's problems and government assistance in promoting tourism?

Gov. Lingle: There is no question that the audit of the HTA identified many accounting, managerial and accountability flaws. The HTA has to be accountable for the way they spend TAT funds that are allocated for tourism marketing. The tourism industry was a big supporter of a dedicated source of income for marketing and even agreed to an increase in the TAT to accomplish this goal. The HTA was formed to be the recipient of those funds, oversee and be accountable for the programs funded. The board was to be a policy board to set direction and contract with the best to implement the approved programs. HTA's first priority should be to get their house in order and be accountable. It needs to set policy and direction and not micro-manage. Politics should never be involved in their decisions. During my time as mayor of Maui, we met with our visitor marketing organization, worked together to set the direction, and then we left them alone to do their job. We expected them to be accountable. We set up a reporting process and developed a line of communication, and had confidence that the job was getting done. We are watching what is going on at HTA, and yes we have concerns. And based on conversations with visitor industry and other business organizations, they have concerns as well. Since the industry asked for the HTA, we will abide by their request. If changes need to be made with the HTA we expect the industry to voice their concerns to me.

HH: At this time (late February), you still have not named anyone to your proposed cabinet-level position of tourism liaison. There has also been criticism of your proposal to have the private sector help to pay the salary. Are you having second thoughts about that, and do you remain convinced that there is a serious need for a tourism liaison in your cabinet?

Gov. Lingle: I have always believed that the state should have a cabinet-level position for tourism—a person with visitor

industry experience that would be involved at all levels of government. If we were a foreign country we would have a minister of tourism. Tourism is very important to the state and should have a voice in all decisions being made at the government level. When we were going through the selection process for the director of tourism, it became quite evident that to attract the caliber of person desired, we needed to be creative where their salary was concerned. Qualified candidates currently make two to three times more in the private sector than what the government position would pay. Even the HTA executive director makes three times more than what the liaison position would pay. We are still serious about having a tourism liaison/director at the cabinet level. We are waiting to see what the Ethics Commission ruling is regarding our idea of developing a partnership with the private sector to fund this position. If they rule that it would create a conflict of interest, then we will abide by their decision and continue our search for someone to fill this position with state funds.

HH: During your years on the County Council and as mayor, Maui experienced tremendous growth in tourism. But Maui was also left with serious traffic congestion second only to Oahu. How did that happen, and isn't it an example of conditions that can turn residents against the visitor industry?

Gov. Lingle: There is no question that infrastructure on Maui did not keep up with growth. However, most of those infrastructure challenges were not within the county jurisdiction, they were state roads, state public schools, etc. One of the things that I bring to the governor's office is the experience I have as a county mayor. I know the challenges that the counties face where state government is concerned. That's why I have put together a cabinet made up of directors from all of the Islands, who understand that business, including tourism, drives our economy, and who can develop a line of communication with the counties. We want to develop a partnership with the counties that will allow

us to work together to address their priorities, and what's good overall for the state.

HH: We know what the visitor industry wants, such as tax credits for hotel construction, adequate funding for HTA and protections against TAT revenues being siphoned from the tourism fund to other funds. What do you want from the visitor industry?

Gov. Lingle: Generally, we will work with the visitor industry to continue to make Hawaii the premier vacation and meeting destination in the world. That would be good for the industry and good for Hawaii. This may involve investing in renovations, improvements and new facilities. It may also involve investing in new joint marketing efforts. We would also like to see the industry continue to explore new avenues of niche tourism such as eco-tourism and educational tourism. Specifically, we would like to see the visitor industry:

- Use existing tax incentives and credits to reinvest in the "product" (examples include upgrading existing or developing new attractions, retail, hotels, etc.).
- Continue to augment and coordinate their sales and business-related marketing efforts with the state's efforts.



- Work in tandem with the state on the overall direction and goals for Hawaii's tourism industry.
- Create new jobs and sustain existing jobs.
- Do their part by being sensitive culturally, environmentally, and socially to the local community.

Put simply, we want the visitor industry to keep Hawaii the number one destination, thereby contributing to the quality of life for our residents.

HH: Final question. You seem to be a very intelligent person. What in the world ever possessed you to give up an honorable profession such as journalism and go into politics?

Gov. Lingle: As a journalist, I reported on what people in government and business were doing. Frankly, I saw a lot of room for improvement and a different way of approaching the challenges of our state. I thought I had something new to offer and that I could make a positive difference. Rather than continuing to just report on what other people were doing, I decided to get involved and to join with others to take an active role in improving our communities. It's encouraging to see so many other people throughout our state now taking this same "can-do" approach.